P.A.C. No. 488

PUBLIC ACCOUNTS COMMITTEE (1975-76)

(FIFTH LOK SABHA)

HUNDRED AND NINETY FIRST REPORT

MINISTRY OF RAILWAYS (RAILWAY BOARD)

[Action Taken by Government on the recommendations contained in the 171st Report (Fifth Lok Sabha)]

(NEW RAILWAY LINES)

LOK SABHA SECRETARIAT
NEW DELHI

December 1975/Agrahayana 1897 (S)
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1975-76

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SECRETARIAT

Shri H. G. Paranjape—*Chief Financial Committee Officer*
Shri N. Sunder Rajan—*Senior Financial Committee Officer*

INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Hundred and Ninety First Report on the action taken by Government on the recommendations of the Public Accounts Committee contained in their Hundred and Seventy-First Report (Fifth Lok Sabha) on "New Railway Lines".

2. On the 3rd June, 1975, an Action Taken Sub-Committee consisting of the following Members was appointed to scrutinise the replies from Government in their earlier Reports:

Shri H. N. Mukerjee—*Chairman*

Shri V. B. Raju—*Convener.*

Shri Priya Ranjan Das Munshi
Shri Darbara Singh
Shri N. K. Sanghi
Shri Rabi Ray
Shri Raja Kulkarni
Dr. K. Mathew Kurian
} *Members*

3. The Action Taken Sub-Committee of the Public Accounts Committee (1975-76) considered and adopted this Report at their sitting held on the 25th November, 1975. The Report was finally adopted by the P.A.C. on the 17th December, 1975.

4. For facility of reference the main conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. A statement showing the summary of the main recommendations/observations of the Committee is appended to the Report.

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;
December 17, 1975.
Agrahayan 26, 1897 (*S*).

H. N. MUKERJEE,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations of the Committee contained in their 171st Report (Fifth Lok Sabha) on 'New Railway Lines', which was presented to the Lok Sabha on 30th April, 1975.

1.2. Action Taken Notes on all the 4 recommendations contained in the Report have been received from Government.

1.3. The Action Taken Notes on the recommendations of the Committee have been categorised as follows:—

(i) Recommendations/observations which have been accepted by Government.

Paragraphs 1.51(ii) and (iv), 1.52(1) and (2), 1.53 and 1.54.

(ii) Recommendations/observations which the Committee do not desire to pursue in the light of the replies of Government.

Paragraph 1.51(i).

(iii) Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration.

Paragraph 1.51(iii).

(iv) Recommendations/observations in respect of which Government have furnished interim replies.
Paragraph 1.52(3).

1.4. The Committee will now deal with the action taken on some of their recommendations.

Construction of new railway lines in hilly and backward regions [*Paragraph* 1.51 (*iii*)]

1.5. Commenting on the absence of any special treatment to hilly and backward regions and States in the matter of construction of

new railway lines, the Committee, in paragraph 1.51(iii) of the Report had observed:

> "In the matter of construction of new lines, the hilly and backward regions and States have had unfortunately no special treatment. According to the Railway Board the Railway development is not envisaged on any State-wise or region-wise concept but is done to suit, national priorities and to meet the needs of the country as a whole. Such an approach had the effect that hilly and backward areas have not been provided with an adequate transportation infrastructure and as a result the economic development of these areas has lagged behind. As far back as 1966 the Estimates Committee had emphasised that while finalising the Fourth Plan allocations for opening new lines, due regard should be given to the potential areas of development. The Committee had also highlighted that in certain undeveloped areas transport arrangements should precede and supply necessary facilities for economic development. The Railway Board while taking note of the Committee's recommendation, had supported the view that transport facilities should precede and provide the incentive for economic development in under-developed areas. However, in view of the limited resources position of the Government, the Railway Board had stated in evidence to the Estimates Committee in 1966 that it would be advisable to examine alternate low investment transport facilities such as road transport for achieving the same objectives in the initial stages. This, the Public Accounts Committee are unable to accept as in fact the cost of road transport has gone up very steeply."

1.6. In their Action Taken Note dated 29th August, 1975, the Ministry of Railways (Railway Board) have stated:

> "The policy being followed regarding the construction of new railway lines has been clarified in reply to (i) above. A number of railway lines have been constructed and have been approved for construction in backward and hilly regions in pursuance of this policy.
>
> The choice between rail and road transport will depend upon the volume of traffic to be carried. Construction of railway lines has been taken up in the past and will be taken

up in future also in backward hilly areas which have the potential of offering sufficient traffic to justify their construction."

1.7. The Committee are not satisfied with the response of the Railway Board to their recommendations on the need for the construction of railway lines in the hilly and backward regions and States as an essential prerequisite for their economic development. It is surprising that the Railway Board should still lay far too much emphasis on the orthodox and traditional criteria of the traffic potential and financial viability in regard to the construction of new railway lines in hilly and backward areas. Unless the necessary infrastructure is created in the hilly and backward areas by providing adequate transportation facilities, even though such facilities may not prove to be initially remunerative, the economic development of such areas would be gravely hampered. The then Railway Minister himself in his budget speech of 1973-74 had emphasised that 'very often the creation of the infrastructure themselves lead to additional demand and increased industrial and commercial prospects'. The Committee would urge Government to view this problem of the hilly and backward areas in its broader national perspective rather than on the restricted plane of immediately ascertainable advantages to railway revenues.

1.8. The present method of making a choice between the provision of rail transport facilities and road transport on the basis of the quantum of traffic to be handled also needs reconsideration in view of the fact that transportation by road may not always be an economic proposition, particularly for a backward area, on account of the steep increase in the cost of fuel. It is, therefore, imperative that the considerably cheaper mode of transport by rail is provided to the backward areas if they are to catch up economically with their more fortunate neighbours, thereby lessening unhappy and regional imbalances in our country.

Preparation of a comprehensive long-term plan for the construction of new railway lines [*Paragraph* 1.52(1)]

1.9. In paragraph 1.52(1), the Committee had recommended:

"The Railway Board should in consultation with the Planning Commission immediately draw up a comprehensive long-term and clear-cut plan for the construction of new lines on a systematic basis. The criteria to be followed in the matter of construction of new lines need to be clearly set

out. The decision of the Government in this regard should be embodied in a policy resolution which should have the specific approval of Parliament."

1.10. In their Action Taken Note dated 28th August, 1975, the Railway Board have stated :

> "Railways would explore the possibility of giving the suggestion a practical shape."

1.11. The Committee are glad that Government have at least agreed to their suggestion that they should explore the possibility of drawing up a comprehensive long-term and clearcut plan for the construction of new railway lines on a systematic basis. They urge that this should be finalised quickly and the policy in this regard clearly spelt out before Parliament.

Long-range plans for the provision of railway lines in hilly and backward areas [*Paragraph* 1.52(3)]

1.12. Dealing with the question of construction of railway lines in hilly and backward areas, the Committee, in paragraph 1.52(3), had recommended :

> "The Committee welcome the policy decision announced by the Minister of Railways in his budget speech of 1973-74 in regard to construction of railway lines in hilly and backward areas. In this connection the Committee would reiterate what they have said in their 148th Report that unless the Railways reach hilly, backward, undeveloped and unconnected areas, the process of development of these areas will be indefinitely delayed and consequently the economic development of those areas as well as of the whole country will suffer and regional imbalances will grow further. The Committee desire that the new guidelines set out by the Minister of Railways' should be scrupulously followed for undertaking projects relating to construction of new lines in hilly, backward and undeveloped regions of the country. All the hilly and backward areas should be identified as defined and enumerated by the Planning Commission and comprehensive long-range plans for the provisions of new lines in each area drawn up on a high priority basis."

1.13. In their Action Taken Note dated 23rd August, 1975 the Railway Board have stated :

> "Action will be taken for drawing up a comprehensive long-term plan for construction of new railway lines including those in the hilly and backward areas as recommended by the PAC in para 1.52(1) above."

1.14. The Committee trust that Government will soon complete the long-term plans for the construction of railway lines in the hilly and backward areas and implement them speedily so that the long deferred hopes of the people of these areas may be met and, in turn contribute to the country's integration and advance.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

1.51. From the foregoing paragraphs the Committee note—

(i) The proportion of expenditure on new railway lines to the total expenditure on Railways is steadily declining. In 1948-49, the ratio of expenditure on new lines to the total expenditure on railways ranged between 11.1 per cent and 13.5 per cent. From the year 1966-67, this percentage has steadily gone down, except in the year 1971-72. During 1972-73 and 1973-74 the expenditure on the construction of new lines was only 4.3 per cent and 4.4 per cent respectively of the total expenditure on Railways. This is also a very depressing feature.

(ii) A policy decision was announced by the Minister of Railways in his budget speech of 1973-74 for construction of railway lines in backward areas. It was stated therein that the rising costs of construction required high density of traffic to justify a new line financially. But in hilly and backward areas such quantum of traffic may not be offering, yet a new line or a conversion of an existing line may be essential and urgently needed for the development of the region. The Minister had then stated that "the principle that transportation infrastructure must evolve along the pattern determined by pre-existing economic viability needs to be modified to the extent that very often the creation of the infrastructure themselves lead to additional demand and increased industrial and commercial prospects. In selected areas the calculus of short-term economic returns must yield place to the long-term benefit through a policy of deliberate developmental expenditure." The Committee note that in pursuance of the new approach thus enunciated several surveys for new projects for construction of new lines have been taken up

and the construction work on one Nangal-Talwara Railway line has been inaugurated on 22nd December, 1974.

[S. No. 1, para 1.51 of PAC's 171st Report (1974-75)— 5th Lok Sabha.]

Action taken

(i) It is a fact that the percentage of expenditure on new lines as compared to the total plan outlay was 14.3 per cent in 1948-49, 11.4 per cent in 1949-50 and 10.2 per cent in 1950-51. This percentage, however, remained below 10 per cent upto 1959-60 but increased to 13.5 per cent in 1960-61 and remained about 10 per cent till 1965-66 after which it has been declining steadily and was 4.3 per cent and 4.4 per cent in 1972-73 and 1973-74 respectively. The decline in the outlay on new lines since 1966-67 is primarily due to greater emphasis on investment in modern and improved rolling stock as a means to quick augmentation of capacity as also on account of the severe constraint on the overall resources. When the availability of funds is limited, it becomes necessary to give priority to the requirements of projects and line capacity works required for the core sector of the economy and cuts have to be made in the outlays for other items including new railway lines in backward areas. It will be possible to improve the outlay of new railway lines in absolute terms and also as a percentage of the total plan outlay when the economic situation improves and more funds become available for development of the Railways.

(ii) The observations of the Committee have been noted.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/ V/171 dated 28-8-75.]

Recommendation

1.52. The Committee are strongly of the view that for the opening up of areas in hilly, backward and undeveloped region the provision of transportation infrastructure in the form of railway lines must be made on a high priority basis as they have no doubt that the development of these areas will automatically follow once the transportation infrastructure is developed. The Committee also feel

that the regional imbalances in the economic development, which have tended to become more accentuated over the years are in a large measure attributable to the lack of transportation facilities in these hilly, backward and undeveloped regions. In the light of this general observation, the Committee would like to recommend that:

(1) The Railway Board should in consultation with the Planning Commission immediately draw up a comprehensive long-term and clear-cut plan for the construction of new lines on a systematic basis. The criteria to be followed in the matter of construction of new lines need to be clearly set out. The decision of the Government in this regard should be embodied in a policy resolution which should have the specific approval of Parliament.

(2) The Committee find that one of the main difficulties in the construction of new lines has been the paucity of funds. The Committee feel that if the need for a particular railway line, conversion, extension or restoration is fully established in the light of the criteria laid down and the requirements of the area, the question of resources should not come in the way. As the Committee have observed in their 148th Report the provision of transport infrastructure and railway operations are equally important for the national economy and hence the Railway Board should draw up a list of new lines to be taken up for construction in an order of priority in accordance with the criteria laid down in the policy resolution.

It may be mentioned here that the Central Exchequer should pay for all unremunerative lines whether old or new, or passenger services including various travel concessions which should also not be abolished. This will considerably augment Railway's finances.

[S. No. 2, Para 1.52 of 171st Report of PAC (1974-75)—5th Lok Sabha.]

Action taken

The Railways are already following the policy of constructing new railway lines wherever there is potential for sufficient traffic to justify their construction. Construction of railway lines in hilly, backward and under-developed regions has been given due attention within the framework of transport policy and the availability of resources to the Railways.

With regard to the specific recommendations made by the Committee, the Ministry of Railways would submit as under :

(1) Railways would explore the possibility of giving the suggestion a practical shape.

(2) The recommendation for drawing up a list of new lines in order of priority in accordance with the criteria to be laid in the Policy Resolution is accepted. It may, however, not be a practical proposition to take up the construction of all railway lines the need for which is established in the light of the criteria to be laid down in the new policy and the programme for actual construction of the lines will depend upon the availability of resources which is very limited at present and may continue to be so in the foreseeable future.

It is further submitted that the Ministry of Railways have already presented their case to the Railway Convention Committee, 1973 to compensate them fully for the Social Burdens borne by them. The recommendations of the Railway Convention Committee and the decision of the Government in this regard are awaited.

[Ministry of Railways (Rly. Board) OM No. 75-BC-PAC/V/171 dated 28-8-75.]

Recommendation

1.53. From the information made available to the Committee it is seen that out of the 15 new lines on which construction work was inaugurated during the last 5 years ending 31st January, 1975, work on two lines *viz.*, Saraigarh-Partapganj and Kathua-Jammu lines has been completed. In respect of the five lines namely (i) Nangal Dam-Talwara link line (the only rail link in a hilly state), (ii) Howrah-Amta-Champadanga BG line, (iii) Nadikude-Bibinagar, (iv) Sakri-Hassanpur and (v) Ramnagar-Kathgodam, final location surveys are either in progress or have been completed. The Committee desire that construction work on all these five lines as also on the other ten lines inaugurated during the last five years and even earlier and not completed so far should be completed very expeditiously. Once a project has been inaugurated or started it should be ensured that the work on the project is not held up for want of funds and as far as possible the work should be completed according to schedule. On several works the construction work and final location surveys

are carried on concurrently. The Railway Board should consider that the construction work on these five lines be carried on concurrently with the final location surveys by issue of urgency certificates as has been done in some other cases earlier. In respect of cases where surveys for new Railway lines, especially 150 kms. and below connecting big areas, hitherto unconnected, have started, these should be completed and the work should be taken in hand at the earliest.

[S. No. 3, Para No. 1.53 of 171st Report of PAC (1974-75)—5th Lok Sabha.]

Action taken

The observations of the Committee have been noted. The Ministry of Railways plan to complete the construction of lines which have been taken up or have been approved for construction. It has, however, not been possible to make speedy progress on all the projects on account of the very limited availability of funds and effort is being made to complete the lines which have already progressed considerably with the limited resources at disposal. Construction of railway lines which have not been started so far will also be taken up as soon as the availability of funds improves.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC/V/171 dated 28-8-1975.]

Recommendation

1.54. The Committee also feel that top most priority should be given to the construction of new lines in the areas where no lines have so far been constructed since independence. Since the construction of new lines in hilly, backward and undeveloped areas is essential for the economic development of these areas, the Committee desire that the General Revenues and the Government should subsidise the Railways in the matter of construction of new lines in such areas just as some other incentives in the form of tax exemptions, provision of facilities on a pirority basis, are being given for accelerating the development of these areas.

[S. No. 4, Para 1.54 of 171st Report of PAC (1974-75)—5th Lok Sabha.]

Action taken

The Ministry of Railways have already presented their case to the Convention Committee in this regard in which exemption has

been sought from the payment of dividend on capital cost of lines in backward areas and also for reimbursement of the operating losses on such lines. Recommendations of the Convention Committee and the decision of the Government thereon are awaited.

[Ministry of Railways (Rly. Board) O.M. No. 75-BC-PAC/V/171 dated 28-8-1975.]

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES OF GOVERNMENT

Recommendation

1.51. From the foregoing paragraphs the Committee note—

(i) The expansion of railways in the sphere of construction of new railway lines has been far from uniform throughout the country during the last 25 years with the result that certain hilly, backward and under-developed regions and States have been totally neglected while certain areas have been given some consideration. It is seen that in some States such as Himachal Pradesh, Nagaland, Meghalaya, Manipur, Arunachal Pradesh, Mizoram and Tripura and other backward States, there has been practically no construction or addition to route kilometerage during the last 20 years or it has been only negligible. There had been no clearcut policy followed by the Railway Board and the Planning Commission in regard to construction of new railway lines; although the Planning Commission have extended some concessions to hilly, backward and under-developed areas to augment growth, yet, extension of Railway lines even if it were initially at a loss never occurred to them. The proposals originating from Members of Parliaments, the State Governments and other public bodies are considered apparently arbitrarily on *ad-hoc* basis and subject to availability of funds, projects for new lines, conversions and restorations are sanctioned from time to time.

[S. No. 1, Para 1.51 of PAC's 171st Report (1974-75)—5th Lok Sabha.]

Action taken

Para 1.51

(i) Proposals for new lines are not considered arbitrarily on *ad-hoc* basis though the availability of funds for construc-

tion of new lines is an important consideration while taking a decision. A note on the policy being followed regarding the construction of new railway lines and gauge conversion projects is attached. It would not be a correct view to hold that the hilly, backward and under-developed regions have been "totally neglected" in planning the expansion of the railway network during the last 25 years. In fact most of the railway lines constructed during the last 25 years within the framework of the policy explained in the attached note are located in backward and hilly areas of the country.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/171 dated 28-8-1975.]

ANNEXURE

A note on—Policy regarding the construction of new railway lines.

Construction of a new railway line or extension of an existing railway line are taken up after detailed survey and investigations when it is established that a railway line will provide the best, cheapest and the most economical mode of transport to meet the traffic needs of the area. Rail transport is most suitable for the mass transport while road transport has advantages for distribution of goods and passengers in smaller quantities/number over short distances. It is the policy of the Railways to avoid unhealthy competition with road transport and to confine themselves to only such transport activities for which they are the most suitable. On these considerations, construction of railway lines would be justified in areas which have:—

(i) mineral deposits which cannot be exploited without development of rail transport; or

(ii) have the raw materials and potential for to the development of major industries like steel, cement, fertilizers, oil refineries, etc. which offer substantial traffic; or

(iii) where a very large number of passengers have to be moved as in the case of suburban lines in the metropolitan areas and other thickly populated areas; or

(iv) where an existing line has become saturated and the new line will provide an alternative route at the same time opening up a new area.

Roads provide a cheaper and more efficient mode of transport for lighter traffic and construction of railways which involve very heavy investment will not be justified in such situations except where their construction is considered essential on strategic considerations.

The financial returns on the investment are also considered. Time lag between the construction of a railway line and development of traffic is, however, fairly long, even for links which have potential for development of sufficient traffic to justify them financially in the long run and this fact is taken into account while taking decisions on the construction of new railway lines as was elucidated by the Minister of Railways while presenting the budget for 1973-74. He stated that:

> "The classical concept of traditional economic viability needs to be re-adapted in the light of the historical experience gathered from the economic development of different societies. The principle that transportation infra-structure must evolve along the pattern determined by the pre-existing economic viability needs to be modified to the extent that very often the creation of the infra-structure themselves lead to additional demand and increased commercial prospects. In selected areas the calculus of short-term economic returns must yield place to the long-term benefits through a policy of deliberate developmental expenditure."

From the above policy arose the necessity to provide protection to the Railways against losses on new lines in the initial stages and the Ministry of Railways have secured moratorium from the Convention Committee on the payment of dividend on the capital investment on new railway lines during the period of construction and for the first five years of their operation. Relief for a longer period may be necessary in some cases and the Convention Committee have been approached in this regard.

Steps are also taken to reduce the loses of the Railways by securing participation of the State Governments in the capital cost of the projects. It has been suggested to them to give land and the labour component of the projects free of cost and in some cases to participate in the construction and operation of the projects on a percentage basis. Inflation of the chargeable kilometreage is also considered in order to improve the earnings till such time the lines become remunerative.

The policy regarding restoration of lines which were dismantled in the past on account of floods or during the War is that the people who had been enjoying the facility of rail transport and would have continued to do so if the lines had not been dismantled should not be denied this facility and the lines should be restored wherever the flood situation has improved and it is feasible to restore the line provided that alternative means of transport have not developed in the meantime and the need for the restoration is still felt. Restoration of dismantled lines is being done on programme basis depending upon the availability of funds.

In the case of gauge conversions, a project is taken up

(i) when a section becomes saturated and is incapable of handling additional traffic as in the case of Barabanki-Samastipur and Viramgam-Okha Porbandar projects.

(ii) when the magnitude of the transhipment involved is such that it is uneconomical or is not feasible at all as in the case of Viramgam-Okha/Porbandar Project;

(iii) when they are needed for providing speedy and uninterrupted means of communication to areas which have potential for growth as in the case of New Bongaigaon-Gauhati conversion project and Ernakulam-Trivandrum project.

Detailed traffic surveys are carried out to determine the traffic potential and the financial viability of each project. While the financial viability of the project on a long term basis is an important consideration, lack of financial returns on a short term basis is not allowed to come in the way in the case of projects where traffic justification exists

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

1.51. From the foregoing paragraphs the Committee note—

(iii) In the matter of construction of new lines the hilly and backward regions and States have had unfortunately no special treatment. According to the Railway Board the Railway development is not envisaged on any State-wise or region-wise concept but is done to suit national priorities and to meet the needs of the country as a whole. Such an approach had the effect that hilly and backward areas have not been provided with an adequate transportation infrastructure and as a result the economic development of these areas has lagged behind. As far back as 1966 the Estimates Committee had emphasised that while finalising the Fourth Plan allocations for opening new lines, due regard should be given to the potential areas of development. The Committee had also highlighted that in certain undeveloped areas transport arrangements should precede and supply necessary facilities for economic development. The Railway Board while taking note of the Committee's recommendation, had supported the view that transport facilities should precede and provide the incentive for economic development in underdeveloped areas. However, in view of the limited resources position of the Government, the Railway Board had stated in evidence to the Estimates Committee in 1966 that it would be advisable to examine alternate low investment transport facilities such as road transport for achieving the same objectives in the initial stages. This, the Public Accounts Committee are unable to accept as in fact the cost of road transport has gone up very steeply.

[S. No. 1 Para 1.51 of PAC's 171st Report (1974-75).]—5th Lok Sabha.]

Action taken

Para 1.51

(iii) The policy being followed regarding the construction of

new railway lines has been clarified in reply to (i) above. A number of railway lines have been constructed and have been approved for construction in backward and hilly regions in pursuance of this policy.

The choice between rail and road transport will depend upon the volume of traffic to be carried. Construction of railway lines has been taken up in the past and will be taken up in future also in backward hilly areas which have the potential of offering sufficient traffic to justify their construction.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/171 dated 28-8-75]

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

1.52. The Committee are strongly of the view that for the opening up of areas in hilly, backward and undeveloped region the provision of transportation infrastructure in the form of railway lines must be made on a high priority basis as they have no doubt that the development of these areas will automatically follow once the transportation infrastructure is developed. The Committee also feel that the regional imbalances in the economic development, which have tended to become more accentuated over the years are in a large measure attributable to the lack of transportation facilities in these hilly, backward and undeveloped regions. In the light of this general observation, the Committee would like to recommend that:

(3) The Committee welcome the policy decision announced by the Minister of Railways in his budget speech of 1973-74 in regard to construction of railway lines in hilly and backward areas. In this connection the Committee would reiterate what they have said in their 148th Report that unless the Railways reach hilly, backward, undeveloped and unconnected areas, the process of development of those areas will be indefinitely delayed and consequently the economic development of those areas as well as of the whole country will suffer and regional imbalances will grow further. The Committee desire that the new guidelines set out by the Ministry of Railways' should be scrupulously followed for undertaking projects relating to construction of new lines in hilly, backward and undeveloped regions of the country. All the hilly and backward areas should be identified as defined and enumerated by the Planning Commission and comprehensive long-range plans for the provisions

of new lines in each area drawn up on a high priority basis.

[S. No. 2, Para 1.52 of 171st Report of PAC (1974-75)—5th Lok Sabha].

Action taken

The Railways are already following the policy of constructing new railway lines wherever there is potential for sufficient traffic to justify their construction. Construction of railway lines in hilly, backward and under-developed regions has been given due attention within the framework of transport policy and the availability of resources to the Railways.

With regard to the specific recommendations made by the Committee, the Ministry of Railways would submit as under:

(3) Action will be taken for drawing up a comprehensive long term plan for construction of new railway lines including those in the hilly and backward areas as recommended by the PAC in para 1.52(1) of their recommendation.

[Ministry of Railways (Rly. Board) OM No. 75-BC-PAC/V/171 dated 28-8-1975].

NEW DELHI;
December 17, 1975.
Agrahayana 26, 1897 (S).

H. N. MUKERJEE,
Chairman,
Public Accounts Committee.

1517—LS3

APPENDIX

Summary of main Conclusions/Recommendations

Sr. No.	Para No. of the Report	Ministry Concerned	Conclusions/Recommendarions
(1)	(2)	(3)	(4)
1.	1.7	Ministry of Railways	The Committee are not satisfied with the response of the Railway Board to their recommendations on the need for the construction of railway lines in the hilly and backward regions and States as an essential prerequisite for their economic development. It is surprising that the Railway Board should still lay far too much emphasis on the orthodox and traditional criteria of the traffic potential and financial viability in regard to the construction of new railway lines in hilly and backward areas. Unless the necessary infrastructure is created in the hilly and backward areas by providing adequate transportation facilities, even though such facilities may not prove to be initially remunerative, the economic development of such areas would be gravely hampered. The then Railway Minister himself in his budget speech of 1973-74 had emphasised that 'very often the creation of the infrastructure themselves lead to additional demand and increased industrial and commercial prospects'. The Committee would urge Government to view this problem of the hilly and backward areas in its broader national perspective rather than on the restricted plane of immediately ascertainable advantages to railway revenues.

2.	1.8	—do—	The present method of making a choice between the provision of rail transport facilities and road transport on the basis of the quantum of traffic to be handled also needs reconsideration in view of the fact that transportation by road may not always be an economic proposition, particularly for a backward area, on account of the steep increase in the cost of fuel. It is, therefore, imperative that the considerably cheaper mode of transport by rail is provided to the backward areas if they are to catch up economically with their more fortunate neighbours, thereby lessening unhappy and regional imbalances in our country.
3.	1.11	—do—	The Committee are glad that Government have at least agreed to their suggestion that they should explore the possibility of drawing up a comprehensive, long-term and clearcut plan for the construction of new railway lines on a systematic basis. They urge that this should be finalised quickly and the policy in this regard clearly spelt out before Parliament.
4.	11.4	—do—	The Committee trust that Government will soon complete the long-term plans for the construction of railway lines in the hilly and backward areas and implement them speedily so that the long deferred hopes of the people of these areas may be met and, in turn, contribute to the country's integration and advance.

GMGIPND—1517 LS—PMR—8-1-76—1,000